

Report to: Jacquie Russell, Cabinet Member for Children and Young People, Learning and Skills

September 2024

Additional Funding Allocation for Remodelling of Orchard House Children's Home

Report by Daniel Ruaux, Assistant Director, Corporate Parenting

Electoral divisions: Cuckfield & Lucastes

Summary

Orchard House children's home in Cuckfield is part of the County Council's Residential Service and caters for residential placements and short breaks for children with disabilities, with capacity for up to 16 children at one time.

Remodelling and refurbishment works are being carried out to modernise the home and improve the facilities for those children resident at the home and those who undertake short breaks there.

Capital funding totaling £5.576m has so far been allocated to deliver this project, through Cabinet Member Key Decisions in March 2021 ([CYP04\(20/21\)](#)), in December 2021 [CYP04 \(21/22\)](#) and in October 2022 [CYP02 \(22/23\)](#).

The modernisation works are progressing but, due to unforeseen issues which were identified during the remodelling of the existing buildings, the budget for the project has increased and the allocation of additional funding is now required to enable the project to continue and conclude.

Recommendation

The Cabinet Member for Children and Young People, Learning and Skills will be asked to approve the allocation of £0.652m of additional capital funding to ensure the remodelling project at Orchard House Children's Home can be completed.

Proposal

1 Background and context

- 1.1 Orchard House children's home consists of the main building – separated in two wings, Orchard Lodge - a standalone building on the premises and the home's Contact Centre.

- 1.2 The home was identified for refurbishment in the [Residential Service Strategy](#). £0.397m of capital funding was allocated to Orchard House to develop the design.
- 1.3 In March 2021 £3.786m [was allocated](#) for the refurbishment and remodelling works at Orchard House to be progressed.
- 1.4 Additional funding of £0.745m [was allocated](#) to the project in December 2021 in order to better support the aims of the Council's [Climate Change Strategy](#) and enable implementation of associated revisions to the original proposed design. A further £0.648m [was allocated](#) in October 2022 following the design development and the assessment of the inflationary pressures that had led to construction cost rises.
- 1.5 The construction contract for the remodelling works to the Orchard House Main House and Lodge was [awarded](#) to Sunninghill Construction Co Limited for the sum of £3,780,888.09 in January 2023.
- 1.6 The works have progressed at the main building and the Lodge. During the remodelling of the existing buildings, issues were identified with the external and internal fabric of the buildings, set out in more detail in section 2 below.
- 1.7 The impact of rectifying these issues, along with the need to further develop the design for the works to the Contact Centre, mean that an uplift to the budget is required to enable the project to continue and conclude.

2 Proposal details

- 2.1 Approval is sought for the allocation of additional capital funding of £0.652m to enable the project to refurbish and remodel Orchard House to continue and conclude.
- 2.2 The need to increase the budget by £0.652m is mainly due to structural and historic issues identified in the buildings, which were revealed during the opening up works and following further investigations on site. This has required additional work to rectify, detailed in the table below. Other additional costs are related to professional fee increases and the need to install temporary parking and associated works to ensure safe access and operation during the construction period. At the Contact Centre, the increase is mainly due to additional costs associated with design development and professional fees.
- 2.3 The additional costs are presented below, broken down by item and include savings of £0.181m through value engineering and non-expenditure of provisional sums.

	Item	Cost (£)
	Main House and Lodge	
1	Structural issues and rectification of building defects– Orchard House & Lodge	209,000

2	Roof repairs and replacements – Orchard House & Lodge	103,000
3	Drainage repairs and replacements	95,000
4	Further Asbestos removals	11,000
5	Extensions of time	146,000
6	Design amendments and associated works following opening up, re- evaluation of the proposals	331,000
7	Mitigating works, parking arrangements, building control compliance, minor client changes	83,000
8	Professional fees	68,000
9	Savings identified through value engineering and non-expenditure of provisional sums	-181,000
10	Contingency offset	-428,000
	Subtotal	437,000
	Contact Centre	
11	Design development for the Orchard Contact Centre and professional fees increase	215,000
	Subtotal	215,000
	Total:	652,000

3 Other options considered (and reasons for not proposing)

- 3.1 **Do nothing.** If the budget is not increased, the available funding would be sufficient to cover the works at the main building and the Lodge only and the project at the Orchard Contact Centre would need to be paused. This would result in a significant reduction to the service offered to the children and their families.
- 3.2 **Defer the decision for later.** The available funding would be spent completing the project for the main building and the Lodge, with the remaining funding being insufficient for the construction contract award and progression of the works at the Orchard Contact Centre. A further governance process would be required to secure additional funding, resulting in programme delays and introducing risks to the project.
- 3.3 **Seek approval for a lower budget increase.** A value engineering exercise has already taken place at the Orchard Contact Centre project and several opportunities to reduce the scope have been considered. Any further reduction would have a significant impact to the quality of the service and the energy performance of the building.
- 3.4 **Seek approval for a higher budget increase.** This option suggests a higher contingency for the project and was discounted as it is appropriate to only seek a revised budget that is considered adequate for the project.

4 Consultation, engagement and advice

- 4.1 The Capital and Assets Board (the Council's internal governance process for capital projects) has considered and supports the proposal and comments

from the Board have been incorporated into the final proposal and recommendations.

- 4.2 The local member has been updated on proposals for the home.
- 4.3 The Council's Project Delivery Partnership (PDP), led by AtkinsRéalis, is engaged to deliver the design and management of the projects.
- 4.4 Children resident at the homes and the staff who work there will be kept up to date as the work progresses.
- 4.5 A planning application for the new Contact Centre will be made as this proposal progresses.

5 Finance

5.1 Revenue consequences

There are no revenue budget implications resulting from this proposal.

5.2 Capital consequences

The additional £0.652m will be funded from Capital Improvement Fund. All items are inclusive of contractor's prelims, profits and contingencies.

	Total Approved Budget	Proposed Budget	Additional requested
Orchard House Main Building & Orchard Lodge	£4,491,000	£4,928,000	£437,000
Orchard Contact Centre	£1,085,000	£1,300,000	£215,000
Total	£5,576,000	£6,228,000	£652,000

5.3 The effect of the proposal:

(a) How the cost represents good value

The works to the main building and the Lodge and the design of the Orchard Contact Centre have been procured competitively in accordance with WSCC procurement process and strategy. When the Contractor for the Contact Centre submit their second stage tender for the works, all packages must demonstrate value for money for the Council under the WSCC quality and commercial criteria.

(b) Future savings/efficiencies being delivered

This proposal supports the delivery of the projected benefits of the Orchard project ([decision CYP04 \(20/21\)](#) refers).

(c) Human Resources, IT and Assets impact

This proposal will increase the lifetime and functionality of the Orchard House site, a Council asset.

6 Risk implications and mitigations

Risk	Mitigating Action (in place or planned)
Further inflation increases	Inflation could affect the project at the Contact Centre so the programme and costs will be constantly monitored by the project team.
Delay in receiving Planning Permission for the Contact Centre	Pre - application advice has been sought by the Planning Authority.
Further amendments to the design of Orchard Contact Centre, leading to increases in cost/time	The project design is in good progress and any impact of the design development, has been accommodated within this proposal. The project team will be monitoring the last stage of the design and costs closely.

7 Policy alignment and compliance

7.1 The development of Orchard House aligns with the Council Plan priorities as it ensures that children and young people are kept safe from vulnerable situations and are supported to fulfil their potential in a sustainable and supportive environment.

7.2 Legal implications

Both items (Main building- Lodge and Contact Centre) have been procured in compliance with public procurement principles and the Council's Standing Orders on Contracts and Procurement. With the proposed increase, the projects will still remain below the UK Thresholds as referred to in the Public Contract Regulation 2015 (PCR). The contracts can be modified during their term without the need for any further procurement procedures under the existing regulations (reg 72).

7.3 Equality duty and human rights assessment

People with disabilities experience disadvantages across a whole range of life areas, including education, work and health. The remodelling of Orchard House will enable this home to better support the children placed there and their families to achieve their full potential.

7.4 Protecting the environment

The project contributes significantly to the sustainability and efficiency of the Council's children's homes and supports the Council in meeting its commitments as per the [Climate Change Strategy](#). At the main building, the measures implemented include a Ground Source Heat Pump, solar photovoltaic panels and battery storage, flat roof and cavity wall insulation, new double-glazed doors and windows, low flow water fixtures for water efficiency, LED lighting and an Electrical Vehicle charger at the car park. At Orchard Lodge, an Air Source Heat Pump has been installed as well as new double-glazed doors and windows, roof insulation, LED lighting and low flow

water fixtures for water efficiency. Finally, the Contact Centre will be a carbon net zero building where, among other, an Air Source Heat Pump and solar photovoltaic panels will be installed.

7.5 Crime and disorder – n/a

7.6 Public health – n/a

7.7 Social value – n/a

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Background papers None